

Health Services

FoodShare

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May, 2019

Joint Committee on Finance

Paper #415

FSET -- Cost-to-Continue and Services for Certain MA Recipients (Health Services -- FoodShare)

[LFB 2019-21 Budget Summary: Page 185, #28 and Page 218, #1]

CURRENT LAW

FoodShare Employment and Training Program. FoodShare is Wisconsin's name for the federal supplemental nutrition assistance program (SNAP). FoodShare enables low income individuals and households who meet a series of financial and non-financial eligibility criteria to receive monthly funds on an electronic benefit card to use on eligible food at authorized retailers.

Able-bodied adults without dependents (ABAWDs) must meet a work requirement in order to remain eligible for FoodShare benefits. Under the work requirement ABAWDs must work, participate in qualifying education and training activities, comply with a workfare program, or a combination of these activities, for a total of at least 80 hours per month. ABAWDs who do not meet the work requirement can only receive FoodShare benefits for three months in a 36-month period.

FoodShare recipients in Wisconsin have the option to participate in the FoodShare employment and training (FSET) program, either as a way to meet the 80 hour per month work requirement for ABAWDs, or as a way to expand their career opportunities. The Department of Health Services (DHS) contracts with eight tribes and eight vendors in 11 FSET regions across the state to provide FSET services.

Starting October 1, 2019, DHS must implement an FSET participation requirement on all able-bodied adults, between the ages of 18 and 50, who are not pregnant and not determined by DHS to be medically certified as physically or mentally unfit for employment or exempt from the work requirement as specified in federal law. This requirement does not apply to able-bodied adults who are employed, as determined by DHS. Further, DHS is prohibited from requiring

participation in FSET for an individual who is: (a) enrolled at least half time in a school, a training program, or an institution of higher education; or (b) the caretaker of a child under the age of six or the caretaker of a dependent who is disabled.

Medical Assistance Coverage for Childless Adults. Childless adults are covered under the medical assistance (MA) program under the terms of a federal Medicaid waiver. On October 31, 2018, the federal Centers for Medicare and Medicaid Services (CMS) approved an amendment to the Medicaid waiver that allows the state to impose various conditions on eligibility and participation in medical assistance by adults without dependent children. Among other provisions, the waiver establishes a conditional eligibility time limit, tied to meeting a work or community engagement requirement. One way to meet this requirement is through participation in FSET. Under state law, DHS must implement the provisions of this requirement on November 1, 2019.

GOVERNOR

Provide \$4,668,000 (\$2,334,000 GPR and \$2,334,000 FED) in 2019-20 and \$5,724,000 (\$2,862,000 GPR and \$2,862,000 FED) in 2020-21 to increase funding for the FoodShare employment and training (FSET) program.

DISCUSSION POINTS

1. This paper provides a discussion of the bill's funding for ongoing FSET vendor costs to serve ABAWDs who may participate in the program to maintain eligibility for FoodShare benefits and non-ABAWD FoodShare beneficiaries. In addition, this paper addresses the potential additional costs of expanding the program to provide employment and training services for childless adult MA enrollees who do not participate in FoodShare.

FoodShare FSET Vendor Cost Estimates

2. Federal law requires ABAWDs to meet work requirements in order to remain eligible for SNAP after exhausting three months of time-limited benefits in a 36-month period. An ABAWD is any individual who is: (a) age 18 to 49; (b) able to work; (c) not residing in a household with a child under age 18, regardless of the relationship to the child; and (d) not pregnant.

3. ABAWDs are exempt from meeting the work requirements if they are: (a) determined unfit for employment due to receipt of temporary or permanent disability benefits, mental or physical inability to work, or verified as unable to work by a statement from a health care professional or social worker; (b) the primary caregiver for a child under age six or an incapacitated person; (c) receiving unemployment compensation, or have applied for unemployment compensation and are complying with unemployment compensation work requirements; (d) participating in an alcohol or other drug abuse treatment or rehabilitation program; (e) enrolled as a student of higher education and meeting the student eligibility requirements; or (f) receiving transitional FoodShare benefits.

4. Under the work requirement, ABAWDs must work, participate in qualifying education and training activities, comply with a workfare program, or a combination of these activities, for a

total of at least 80 hours per month. Additionally, under federal law, the state is required to offer a SNAP employment and training program to SNAP enrollees who are subject to work requirements. In Wisconsin, this program is called FSET.

5. When an income maintenance (IM) worker conducts an eligibility determination or renewal for FoodShare benefits, he or she must explain the FSET program, including the services that may be available to the FoodShare recipient, regardless of whether the applicant or recipient needs to meet the work requirement. ABAWDs not meeting the work requirement are referred to FSET. FoodShare recipients who are not ABAWDs, or ABAWDs meeting the work requirement, may request that the IM agency refer him or her to FSET for voluntary participation. Once an individual is referred to FSET, the FSET agency will contact the individual to schedule an initial appointment.

6. Services provided by the FSET vendors include: (a) job search services to equip participants with the tools and skills needed for effective job search; (b) work experience to expose participants to different kinds of employment to clarify job interests and career goals; (c) education, which could include obtaining a General Educational Development (GED) certificate, English as a second language, adult basic education, vocational literacy, and short-term technical training, which may include enrollment in a technical or trades program if there is a direct link to employment that is in demand; (d) workfare to provide participants with the opportunity to learn new job skills and establish work references at a nonprofit work site; (e) self-employment support, such as technical assistance to develop realistic business plans and sound financial and marketing plans, as well as assistance in obtaining financial support from grants, financial institutions, or other service providers; and (f) job retention, which may be provided for up to 90 days for employment that is obtained resulting from FSET participation, and includes participant reimbursement for initial expenses like transportation, uniforms, and childcare.

7. Table 1 shows the cumulative unduplicated enrollment and average monthly enrollment in FSET between 2015-16 and 2017-18, as well as a break down by ABAWDs who need to meet the work requirement and other FSET participants.

TABLE 1

FSET Enrollment 2015-16 to 2017-18

	<u>2015-16</u>		<u>2016-17</u>		<u>2017-18</u>	
	<u>Number</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>
Cumulative Unduplicated Enrollment						
ABAWDs	18,638	62.8%	8,618	39.3%	5,932	31.4%
Non-ABAWDs	<u>11,056</u>	<u>37.2</u>	<u>13,333</u>	<u>60.7</u>	<u>12,961</u>	<u>68.6</u>
Total	29,694	100.0%	21,951	100.0%	18,893	100.0%
Average Monthly Enrollment						
ABAWDs	4,454	37.7%	2,048	21.4%	1,310	13.3%
Non-ABAWDs	<u>7,349</u>	<u>62.3</u>	<u>7,512</u>	<u>78.6</u>	<u>8,512</u>	<u>86.7</u>
Total	11,803	100.0%	9,560	100.0%	9,822	100.0%

8. The administration assumes that average monthly enrollment in FSET will remain steady in each year of the 2019-21 biennium, with an average monthly enrollment of 9,822 individuals. This number is based on the actual average monthly enrollment of 9,822, in 2017-18. As of March, 2019, the total number of FSET enrollees was 7,875, including 1,484 ABAWDs and 6,391 non-ABAWDs. Compared with 2017-18 average monthly enrollment, the March, 2019 enrollment is approximately 19.8% lower.

9. DHS reports that in comparing annual new employments (13,771) to average monthly enrollment (9,822), an average of approximately 12% of FSET participants statewide found employment each month in 2017-18. However, not all of these participants necessarily left the FSET program since they may have found jobs with insufficient hours or wages to fulfill the ABAWD requirement or achieve self-sufficiency. Additionally, the number of annual new employments could be skewed by a small number of people who work several part-time or short-term jobs each of which is counted in the total.

10. Between April 1, 2015, and September 30, 2018, 30,791 FSET program participants have gained employment. This metric only counts the first time an individual obtained employment while participating in FSET.

11. In September, 2018, FSET participants worked an average of 36.3 hours per week at an average wage of \$13.64 per hour. However, these amounts were based on all FSET participants who are working. As such, these measures do not include FSET participants who are unemployed but do include FSET participants who were employed prior to their enrollment in FSET, for example voluntary participants who are already employed but who are looking to improve their employment opportunities.

12. In its federal fiscal year 2018 report to the federal Food and Nutrition Services (FNS), DHS indicated that most common barriers to employment for FSET participants were work history gaps and not having a driver's license. These barriers can all be addressed within the permissible activities and expenses of the FSET program. However, 2018 is the first year for which these outcomes have been reported, so it is too soon to determine what effect FSET has had on helping participants overcome these barriers.

13. The current contracts between DHS and the FSET vendors, for federal fiscal year 2018-19 (October 1, 2018 through September 30, 2019), specify the terms and conditions of service provision, and provide funding up to a specified total dollar amount. FSET vendors receive reimbursement from DHS for invoiced costs that are eligible under the FSET program.

14. However, current law requires DHS to create and implement a payment system based on performance for FSET program vendors. Specifically, DHS must establish performance outcomes for the payment system based on: (a) the placement of participants into unsubsidized employment; (b) whether the placement is full or part-time; (c) the job retention rate; (d) wages and benefits earned; (e) appropriate implementation of FSET; and (f) customer satisfaction. Implementation of the payment system is contingent on federal approval and must not affect the funding available for supportive services for participants in FSET. The Governor's budget bill would repeal the FSET pay-for-performance structure for FSET vendor contracts.

15. FSET is funded from three sources: (a) state general purpose revenue (GPR); (b) local county contributions; and (c) federal funds (FED), including contributions that do not require a state or local match, matching funds for local expenditures, and matching funds for state expenditures. In the 2017-19 budget act, funding for FSET was based on an average monthly enrollee cost of \$283.

16. DHS reports that in federal fiscal year 2016-17, the average monthly cost of providing services to FSET enrollees was \$332.79. The administration applied inflationary increases to this base amount (2.5% for 2018-19, 2.3% in 2019-20, and 2.1% in 2020-21) and proposes to budget the program based on average monthly costs of \$348.86 per enrollee in 2019-20 and \$356.12 per enrollee in 2020-21.

17. The administration's estimates reflect only FSET vendor payments. However, the FSET program also includes a number of third party contracts. DHS did not include these amounts because while these local funds are matched by the federal government and support the FSET program, they do not affect the Department's budget.

18. Third party contracts for the FSET program are funded from 50% local funds and 50% from federal matching funds. Third party funds allow FSET vendors the opportunity to provide new or enhanced services and to expand service delivery. Third party funds cannot be used to replace funding used for existing services. Local funds typically consist of city or county tax levy, or charitable donations. To provide a more complete representation of total FSET costs, and available offsets, funding for third party partnerships are included in Table 2.

TABLE 2

**Funding for FSET Vendors and Third Party Partnerships
Governor's Recommendation**

	<u>2019-20</u>	<u>2020-21</u>
Avg. Monthly Cost Per Enrollee	\$348.86	\$356.12
Avg. Monthly Enrollment	<u>9,822</u>	<u>9,822</u>
Annualized Vendor Costs	\$41,118,000	\$41,973,700
Funding for Third Party Partnerships		
Local	2,000,000	2,000,000
FED Match on Local	<u>2,000,000</u>	<u>2,000,000</u>
Total Program Cost	\$45,118,000	\$45,973,700
Offsets		
Local	2,000,000	2,000,000
FED Match on Local	2,000,000	2,000,000
100% FED Funds	<u>1,200,000</u>	<u>1,000,000</u>
Total Program Cost After Offsets	\$39,918,000	\$40,973,700
Total GPR (50% of Program Costs After Offsets)	\$19,959,000	\$20,487,000
Total FED (50% of Program Costs Plus FED Offsets)	\$23,159,000	\$23,486,700
Total Local (Local Offset)	\$2,000,000	\$2,000,000

19. The administration's estimate should be modified to reestimate available federal funding. Reestimating the federal funding does not change the amount of federal funding that would be available to the program, as DHS has the authority to spend all federal funds it receives from FNS to fund eligible FSET program costs. However, the reestimate does allow for a more accurate representation of program budgeting and funding available to support FSET services. This change is shown in Table 3.

TABLE 3

Funding Necessary to Adopt Governor's Recommendation

	2019-20			2020-21		
	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>
Total Cost	\$19,959,000	\$23,159,000	\$43,118,000	\$20,487,000	\$23,486,700	\$43,973,700
Base Funding	\$17,625,000	\$23,446,400	\$41,071,400	\$17,625,000	\$23,446,400	\$41,071,400
Change to Base	\$2,334,000	-\$287,400	\$2,046,600	\$2,862,000	\$40,300	\$2,902,300
Change to Bill	\$0	-\$2,621,400	-\$2,621,400	\$0	-\$2,821,700	-\$2,821,700

20. Since the Department's assumptions appear reasonable, the Committee could approve the Governor's recommendation, with the reestimate of federal funding as shown in Table 3 [Alternative A1]. Under this alternative, funding in the bill should be reduced by \$2,621,400 FED in 2019-20 and \$2,821,700 FED in 2020-21.

21. Alternatively, the Committee could fund the program in the 2019-21 biennium based on average 2017-18 monthly FSET enrollee costs, which were \$292.53 per enrollee, as this is the most recent complete state fiscal year available.

22. By retaining the Department's assumptions regarding enrollment (9,822) and inflation (2.5% for 2018-19, 2.3% in 2019-20, and 2.1% in 2020-21), but applying those assumptions to the 2017-18 average costs, average monthly costs per enrollee would be budgeted at \$306.74 in 2019-20 and \$313.18 in 2020-21.

23. If the Committee adopted this alternative, funding in the bill could be reduced by \$7,585,800 (-\$2,482,200 GPR and -\$5,103,600 FED) in 2019-20 and by \$7,882,600 (-\$2,530,400 GPR and -\$5,352,200 FED) in 2020-21, as shown in Table 4 [Alternative A2a].

TABLE 4**FSET Cost-to-Continue
Based on 2017-18 Average Monthly Enrollee Costs**

	2019-20			2020-21		
	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>
Total Cost	\$17,476,800	\$20,676,800	\$38,153,600	\$17,956,400	\$20,956,400	\$38,912,800
Base Funding	\$17,625,000	\$23,446,400	\$41,071,400	\$17,625,000	\$23,446,400	\$41,071,400
Change to Base						
Under Alt. A2a	-\$148,200	-\$2,769,600	-\$2,917,800	\$331,400	-\$2,490,000	-\$2,158,600
Funding In Bill	\$2,334,000	\$2,334,000	\$4,668,000	\$2,862,000	\$2,862,000	\$5,724,000
Change to Bill						
Under Alt. A2a	-\$2,482,200	-\$5,103,600	-\$7,585,800	-\$2,530,600	-\$5,352,000	-\$7,882,600

24. However, DHS notes that the 2017-18 per member per month amount may have been suppressed due to the funding restraints imposed on the FSET vendors under the 2017-19 biennial budget act, and therefore may not be an accurate starting point for estimating future FSET vendor costs.

25. Alternatively, the Committee could adjust caseload, in addition to the average monthly enrollee costs. Average monthly enrollment between July, 2018, and March, 2019, (the first nine months of 2018-19), was 8,048.

26. Table 5 shows the funding necessary if the Committee assumes that average monthly enrollment in 2019-20 and 2020-21 will be 8,048, and that monthly costs will be \$306.74 per enrollee in 2019-20 and \$313.18 per enrollee in 2020-21 [Alternative A2b].

TABLE 5**FSET Cost-to-Continue Based on 2017-18 Average Monthly Enrollee Costs and Average
Monthly Enrollment of 8,048**

	2019-20			2020-21		
	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>
Total Cost	\$14,212,700	\$17,412,600	\$31,625,300	\$14,623,800	\$17,623,700	\$32,247,500
Base Funding	\$17,625,000	\$23,446,400	\$41,071,400	\$17,625,000	\$23,446,400	\$41,071,400
Change to Base Under						
Alt. A2b	-\$3,412,300	-\$6,033,800	-\$9,446,100	-\$3,001,200	-\$5,822,700	-\$8,823,900
Funding In Bill	\$2,334,000	\$2,334,000	\$4,668,000	\$2,862,000	\$2,862,000	\$5,724,000
Change to Bill Under						
Alt. A2b	-\$5,746,300	-\$8,367,800	-\$14,114,100	-\$5,863,200	-\$8,684,700	-\$14,547,900

27. On the other hand, enrollment in FSET may be low, and continuing to decrease, due to the state's current low unemployment rate. However, if the country and state were to experience an economic downturn, enrollment in FSET may increase above current levels.

28. In considering the FSET vendor contracts, the Committee could more closely align the structure of the FSET vendor contracts with those for W-2 and Medicaid. Generally, under W-2, vendors are paid a monthly contract amount, with additional payments available based on performance outcomes (such as total case count and the percentage of the prior year's budget the agency earned) and incentives (such as completion of a GED or obtaining employment).

29. The state's Medicaid services are largely paid on a capitated basis. Most medical services under Medicaid are provided on a managed care basis, through health maintenance organizations (HMOs) or managed care organizations (MCOs) for long-term care services. HMOs and MCOs receive a monthly capitation payment for each of their enrollees. Subsequently, the HMO or MCO contracts with providers to render medical services to individuals and to provide overall management of their care.

30. In addition to providing more consistency across contracts for social assistance programs, capitated payments would ensure that vendor reimbursements are based on program enrollment. This would eliminate the ability of the FSET vendors to increase their average enrollee costs when enrollment is low in order to receive payments closer to the maximum contracted amounts, which is possible under the current contract structure.

31. FNS requires states to pay SNAP employment and training agencies on a reimbursement basis for necessary, reasonable, and actual costs. DHS indicates that it is not known whether FNS would waive this requirement and allow for FSET vendors to be reimbursed on a capitated basis. However, the Committee could require DHS to seek a waiver from FNS to develop and implement a regional capitated funding mechanism for FSET. If FNS grants the waiver, the Committee could require that the approved payment mechanism form the basis of the FSET vendor contracts for federal fiscal year 2021 (beginning October 1, 2020). Further, under this alternative the Committee could prohibit DHS from implementing this provision absent federal approval of a payment mechanism based on capitated payments [Alternative A3].

32. On the other hand, one advantage of the current open ended contract structure is that it easily allows DHS to adjust the funding for cost variations, as well as enrollee needs. The open ended contracts are also very attractive for vendors and may encourage competitive bidding and adequate vendor interest to provide statewide FSET services. For these reasons the Committee may not wish to approve Alternative A3.

Employment and Training for Childless Adult Medical Assistance Enrollees

33. Once the waiver provisions are implemented, MA eligibility for childless adults will be limited to a total of 48 months, for months that they do not meet a work or community engagement requirement. Any months that childless adults meet the work or community engagement requirements will not count against the 48-month limit. Once an individual accumulates 48 months of not meeting the work or community engagement criteria, he or she will not be eligible to enroll in MA for a six-

month period, but will have an additional 48-month eligibility period after the six month lock-out period expires.

34. The work and community engagement provisions under the waiver are similar to the FoodShare work requirements for ABAWDs. Qualifying activities include paid employment, unpaid work, such as volunteer work or community service, self-employment, or participation in a work, job training, or job search program, including FSET. Similar to FoodShare, the waiver specifies an 80-hour per month standard, is applicable to adults age 19 to 49, and provides for various exemptions, such as being determined physically or mentally unable to work.

35. In its 2019-21 budget request, the Department proposed expanding FSET to provide childless adults enrolled in MA with a means of satisfying the Medicaid waiver work or community engagement standards. For the budget request, the Department estimated average monthly childless adults FSET enrollment at 1,105 in 2019-20 and 7,839 in 2020-21, at a vendor contracts cost of \$4,600,000 (\$2,562,000 GPR and \$2,038,000 FED) in 2019-20 and \$33,322,000 (\$18,559,000 GPR and \$14,763,000 FED) in 2020-21. This estimate is based on an assumption that FSET enrollment will increase gradually once the new requirements take effect, eventually reaching 17% of new monthly childless adult enrollees who are not also participating in FoodShare.

36. The Governor's bill does not provide FSET funding to expand the program for childless adult MA enrollees. Instead, the Governor proposed authorizing the Department to withdraw from the federal waiver agreement and repealing the provisions in state law relating to the childless adult waiver. The bill would provide coverage for childless adults through a standard state Medicaid plan amendment as part of the Governor's proposal to adopt full Medicaid expansion.

37. On May 9, 2019, the Committee adopted Motion #5, which removed from consideration the proposed full Medicaid expansion and repeal of the childless adult waiver provisions. Consequently, current law requirements related to the implementation of the childless adult waiver would be retained. As such, DHS will be required to begin implementation of the 48-month time limit on November 1, 2019. With the retention of the employment and training waiver provisions, the Committee may want to consider whether to provide funding for FSET services for childless adult MA enrollees.

38. The Department's budget request for FSET funding was based on the assumption that CMS would approve the use of federal Medicaid matching funds, at a 50% match rate, for most FSET vendor services. However, in April, CMS notified DHS that federal matching funds are not available for employment and training costs, which is consistent with guidance to states issued by the agency on January 11, 2018. As a result, any FSET services provided to MA childless adults (who are not enrolled in FoodShare) must be funded with state funds only. To fully fund the FSET costs at the requested level, the Committee would need to provide increases of \$4,600,000 GPR in 2019-20 and \$33,322,000 GPR in 2020-21 [Alternative B1].

39. If the Committee selects Alternative A2, the Committee should base the funding level for the childless adults FSET expansion on the same cost methodology, with an adjustment to account for a subtraction of the childcare component. Using this updated per person monthly cost, the estimated FSET cost would be \$4,041,000 GPR in 2019-20 and \$29,272,000 GPR in 2020-21

[Alternative B2].

40. As originally proposed in the 2017-19 budget, the Department would have been required to submit a Medicaid waiver request seeking approval of a Medicaid-funded work and training program for childless adults enrolled in MA. The Department would have only been required to administer such a program if CMS approved Medicaid matching funds for the program. In considering this proposal, the Legislature modified this provision to instead require the Joint Committee on Finance to review and approve the final approved waiver prior to implementation. As modified, the conditional implementation provision was removed and instead the Committee would have determined if and how the Department would implement the provision. However, in signing the budget, the Governor vetoed these Committee review provisions, leaving no contingency in the event that federal matching funds for a work and training program were not approved.

41. Under current state law, DHS is required to implement the 48-month conditional time limit as specified in the waiver, but is not required to administer a work and training program for childless adults. If no funding is provided for an FSET expansion, DHS may decide not to open the program for participation by MA childless adults.

42. Although the work or community engagement standards and exemptions under the federal waiver are similar to the FoodShare ABAWD requirements, the sanction associated with failure to meet the standards are substantially different from the FoodShare provisions. Although commonly thought of as a Medicaid work requirement, the fact that any effect on childless adult eligibility would not occur until after four years of not meeting the work or community engagement standards means that the provision will have relatively little or no immediate impact on eligibility. Furthermore, since the waiver's expiration date is December 31, 2023, which is four years and two months following implementation, the waiver's lock out provision would only have an effect for two months prior to expiration and would have no ongoing effect if the waiver is not renewed. Given the relatively weak ties between MA eligibility and community engagement requirements, the Committee may determine that providing funding for a work or community engagement program specifically for childless adults MA enrollees is not warranted [Alternative B3]. In this event, MA childless adults who are not enrolled in FoodShare would have to rely on other programs if they require work and employment training assistance.

ALTERNATIVES

A. FoodShare Employment and Training Estimate

1. Approve the Governor's recommendation, with the reestimate of federal funding to allow for a more accurate representation of program budgeting and funding available to support FSET services. Reduce funding in the bill by \$2,621,400 FED in 2019-20 and by \$2,821,700 FED in 2020-21.

ALT A1	Change to	
	Base	Bill
GPR	\$5,196,000	\$0
FED	<u>- 247,100</u>	<u>- 5,443,100</u>
Total	\$4,948,900	- \$5,443,100

2. a. Modify the Governor's recommendation, to use actual 2017-18 average FSET vendor enrollee costs as the base rate but retain the Governor's assumption of average monthly enrollment (9,822). Reduce funding in the bill by \$7,585,800 (-\$2,482,200 GPR and -\$5,103,600 FED) in 2019-20 and by \$7,882,600 (-\$2,530,600 GPR and -\$5,352,000 FED) in 2020-21.

ALT A2a	Change to	
	Base	Bill
GPR	\$183,200	- \$5,012,800
FED	<u>- 5,259,600</u>	<u>- 10,455,600</u>
Total	- \$5,076,400	- \$15,468,400

b. Modify the Governor's recommendation, to use actual 2017-18 average FSET vendor enrollee costs as the base rate and average monthly enrollment of 8,048. Reduce funding in the bill by \$14,114,100 (-\$5,746,300 GPR and -\$8,367,800 FED) in 2019-20 and by \$14,547,900 (-\$5,863,200 GPR and -\$8,684,700 FED) in 2020-21.

ALT A2b	Change to	
	Base	Bill
GPR	- \$6,413,500	- \$11,609,500
FED	<u>- 11,856,500</u>	<u>- 17,052,500</u>
Total	- \$18,270,000	- \$28,662,000

3. Require DHS to seek a waiver from FNS to develop and implement a funding mechanism for FSET vendors based on a capitated basis. If FNS grants the waiver, require that the approved payment mechanism form the basis of the FSET vendor contracts for federal fiscal year 2021. Further, prohibit DHS from implementing this provision absent federal approval of a payment mechanism based on capitated payments.

B. Employment and Training Program for Childless Adults in Medical Assistance

1. Provide \$4,600,000 GPR in 2019-20 and \$33,322,000 GPR in 2020-21 to fully fund an expansion of FSET to serve childless adults enrolled in MA.

ALT B1	Change to	
	Base	Bill
GPR	\$37,922,000	\$37,922,000

2. Provide \$4,041,000 GPR in 2019-20 and \$29,272,000 GPR in 2020-21 to fund FSET expansion for childless adults based on an updated estimate of per person costs for FoodShare adults enrolled in FSET.

ALT B2	Change to	
	Base	Bill
GPR	\$33,313,000	\$33,313,000

3. Take no action.

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May, 2019

Joint Committee on Finance

Paper #416

FSET -- Drug Screening, Testing, and Treatment (Health Services -- FoodShare)

[LFB 2019-21 Budget Summary: Page 219, #2]

CURRENT LAW

FoodShare is Wisconsin's name for the federal supplemental nutrition assistance program (SNAP), which provides federally-funded benefits to low-income households to buy food. Receipt of FoodShare benefits is contingent upon a number of financial and non-financial eligibility criteria. One such eligibility provision is the requirement that certain able-bodied adults without dependents (ABAWDs) work or participate in an approved work program for at least 80 hours per month.

FoodShare recipients participate in the FoodShare employment and training (FSET) program for a variety of reasons, including ABAWDs, who can participate in FSET to fulfill the ABAWD work requirements and maintain eligibility for FoodShare benefits.

At the time of application and at annual redetermination for eligibility for FoodShare, the income maintenance (IM) agency must administer to any ABAWD, who intends on meeting the work requirement through participation in FSET, a controlled substance abuse screening questionnaire, which may include questions related to controlled substance abuse-related criminal background and controlled substance abuse. Subsequently, the IM agency must determine whether answers to the controlled substance abuse screening questionnaire indicate possible use of a controlled substance without a valid prescription by the ABAWD. If drug use is not indicated on the questionnaire the ABAWD may proceed to participate in FSET.

In cases where the IM agency determines that the questionnaire indicates the use of a controlled substance without a valid prescription, the IM agency must refer the individual to drug testing. If the drug test is negative for use of a controlled substance, the ABAWD may proceed to

participate in FSET.

In cases where a drug test is positive for the use of a controlled substance, the individual must present a valid prescription for each positive drug to proceed to participate in FSET. If the ABAWD does not have a valid prescription, the individual will be referred to drug treatment.

As part of the referral to drug treatment ABAWDs must receive information about treatment programs and county-specific assessment and enrollment activities required for entry into treatment. Subsequently, the treatment provider must evaluate and assess the ABAWD's need for treatment. If the treatment provider determines that the ABAWD does not need treatment, the requirement is considered met and the ABAWD may proceed to participate in FSET.

If the treatment provider determines that the ABAWD needs treatment, the provider must refer the ABAWD to an appropriate treatment program and: (a) notify the IM agency of the referral and the expected start date and duration of treatment; or (b) enter the ABAWD on the waiting list for treatment and notify the IM agency of the date the individual is expected to be enrolled. The ABAWD is eligible to participate in FSET while on the waiting list if the individual is not eligible for immediate enrollment in another appropriate treatment program. As required under federal law, an individual is not considered to be an ABAWD, and therefore not required to meet the federal ABAWD work requirement, while regularly participating in an alcohol or other drug abuse treatment or rehabilitation program.

The IM agency must monitor the ABAWD's progress in entering and completing treatment and the results of random testing for the use of a controlled substance carried out during and at the conclusion of treatment.

If an ABAWD refuses to participate in the screening, testing, or treatment provisions described above, the individual will be deemed ineligible to participate in FSET and the ABAWD must subsequently meet the work requirement to retain FoodShare eligibility beyond three months of time-limited benefits in a manner other than FSET.

DHS is required to implement the screening, testing, and treatment provisions no later than October 1, 2019. To date, DHS has not implemented the requirements.

GOVERNOR

Repeal provisions that require DHS to implement a screening, testing, and treatment requirement for substance abuse, and require certain individuals to comply with these requirements, in order to participate in FSET, as described above.

DISCUSSION POINTS

1. In its 2018 State Options Report, the United States Department of Agriculture reported that as of October 1, 2017, SNAP programs in 28 states (including Wisconsin) have some eligibility restrictions on individuals convicted of a federal or state felony offense involving the possession, use,

or distribution of a controlled substance. However, no state has implemented a drug screening, testing, or treatment requirement for SNAP participants generally.

2. Federal courts have generally held that drug testing participants in public assistance programs, without reasonable suspicion is a violation of the participants' constitutional rights against unreasonable search and seizures. However, it is generally accepted that if such a program screens participants and only requires drug tests for individuals who have indicated a likelihood of substance abuse through the screen, then requiring drug tests for those individuals is not unconstitutional.

3. Historically there has been legal disagreement as to whether federal law allows for the drug testing of SNAP recipients. One side argues that states are prohibited under federal law from imposing any additional eligibility conditions, beyond those imposed by federal law, on individuals for the receipt of SNAP benefits and that drug testing would be an additional eligibility criteria. The other side argues that SNAP recipients are welfare recipients (a term not defined in federal law), and therefore fall within the state's right to test welfare recipients for use of controlled substances and sanction welfare recipients who test positive for use of controlled substances. As of yet, no court has ruled definitively on this conflict.

4. The 2015-17 biennial budget act required DHS to promulgate rules to develop and implement a drug screening, testing, and treatment program for FSET participants who are ABAWDs and choose to meet the ABAWD work requirement through FSET. In 2015, the Wisconsin Department of Justice filed a lawsuit against the federal government to verify the legality of Wisconsin's FSET drug testing requirements. The U.S. District Court for the Eastern District of Wisconsin dismissed the case, finding that the lawsuit was prematurely filed because Wisconsin had not yet implemented its program.

5. Following the dismissal by the U.S. District Court, DHS developed the administrative rules to implement these provisions. In May, 2018, DHS published rules relating to these provisions (DHS 38), which were subsequently codified in state statute, as part of 2017 Act 370, which also required implementation no later than October, 2019.

6. However, this requirement has not been implemented to date. Therefore there are no actual data on the number of people would be impacted by the provisions. However, prior to promulgating the rules, DHS completed a fiscal estimate and economic impact analysis in which the Department estimated that approximately 66,200 individuals would be screened each year, with 3% (about 2,000 individuals) requiring a drug test. Of those 2,000 individuals, DHS estimated that 11% of individuals (220 individuals) who take a drug test would test positive for controlled substances and would seek treatment.

7. In 2017-18, cumulative unduplicated ABAWD enrollment in FSET was approximately 6,000. Applying the Department's logic to the 2017-18 data would mean that approximately 6,000 individuals would be screened each year, with 3% or about 180 requiring a drug test. Of those 180 individuals, 11% (or 20 people) who take a drug test would test positive for controlled substances and would seek treatment.

8. Using data from public assistance programs administered by the Department of Children

and Families (DCF) suggests that the assumptions made by DHS regarding participation are reasonable. DCF reports that of 5,878 screened applicants between November, 2015, and March, 2019, 142 individuals were referred to testing. Of those 142 people, 14 people were referred for treatment, out of which two people refused treatment and one person completed treatment.

9. Applying the DCF rates to the 2017-18 FSET data would mean that of the approximately 6,000 individuals who would be screened each year, about 145 would be referred to drug testing. Of those 145 individuals, 14 people who take a drug test would test positive for controlled substances and be referred to treatment annually.

10. Some might argue that the drug screening, testing, and treatment requirements may deter individuals from participating in the FSET program, decreasing access to employment and training services that could potentially assist individuals in obtaining and sustaining employment. Additionally, some might consider the cost to implement the screening, testing, and treatment requirements to be prohibitive when considering, that: (a) drug screening, testing, and treatment requirements have yielded very limited results for other state programs; and (b) drug tests are an allowable FSET expense if such a test is required for employment and individuals with positive test results can subsequently be referred to other resources for appropriate drug counseling services. For these reasons, the Committee may wish to approve the Governor's recommendation [Alternative 1].

11. On the other hand the Committee may decide to delete the provision in the Governor's budget, thereby retaining the current drug screening, testing, and treatment requirements as they pertain to ABAWDs participating in FSET. The goal of the FSET program is to prepare individuals for, and assist them in securing, suitable employment. Since some private employments are conditioned on an individual's ability to pass a drug test, some may argue that this provision is in keeping with the intent of the FSET program. Further, an argument could be made that public assistance recipients should submit to drug tests to deter those individuals from drug use, to increase employability, and to decrease dependence on public assistance benefits.

12. If the Committee decides to delete the provision, and thereby retain the drug screening, testing, and treatment requirements, funding would need to be provided for implementation. Per statute, DHS must pay for all costs related to: screening ABAWDs, including the costs of producing, administering, and reviewing screening questionnaires; testing ABAWDs including any costs related to contracting with qualified drug testing vendors; and treating ABAWDs that are not covered by the Medical Assistance program or other private insurance. Payments for treatment by DHS cannot be at rates higher than the rates paid for comparable services under the Medical Assistance program.

13. The following table shows estimates of the funding that may be necessary in each year of the biennium to retain and implement the drug screening and testing provision. The table below uses the assumptions outlined in Point 7 of this paper in determining how many people would be screened, tested, and treated for substance use disorder. Further, it adopts the Department's assumption that the average cost per initial 10-panel drug test completed by a certified drug testing vendor is \$60.73 and that treatment costs are \$3,880 per person. For purposes of this estimate, it is assumed that all individuals referred to treatment are eligible for Medical Assistance [Alternative 3].

Cost to Retain FSET Drug Screening, Testing, and Treatment Provisions

	<u>2019-20</u>			<u>2020-21</u>		
	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>
Testing Costs	\$4,100	\$4,100	\$8,200	\$5,500	\$5,400	\$10,900
Treatment Costs (MA)	<u>23,700</u>	<u>34,500</u>	<u>58,200</u>	<u>31,400</u>	<u>46,200</u>	<u>77,600</u>
Total	\$27,800	\$38,600	\$66,400	\$36,900	\$51,600	\$88,500

14. In addition to the funding in the table above, funding would need to be provided to reimburse the IM agencies for administering the screening, as well as funding for 2.0 positions at DHS (1.0 senior research analyst and 1.0 senior training officer) to implement the FSET drug screening, testing, and treatment requirement. Funding and positions for this are addressed in LFB Paper #419.

15. Alternatively, in light of the unsettled legal disagreement, the Committee may be concerned that if it retains the mandatory FSET requirement for able-bodied adults (addressed in LFB Paper #417), DHS cannot also require drug screening, testing, and treatment without being considered to have created an additional condition of eligibility for FoodShare in violation of federal law.

16. As such, the Committee could repeal the current drug screening, testing, and treatment requirements and replace them with requirements to mirror the drug use questions on the health risk assessment for childless adults enrolled in medical assistance (MA). Under the current childless adult waiver, childless adults applying for MA are required to complete a health risk assessment, including questions on substance use, as part of their application. As they pertain to substance use, responses to questions on the health risk assessment will result in a referral for treatment, as applicable, but not impact an applicant's eligibility for MA.

17. Under this alternative, FSET vendors would be required to ask ABAWDs enrolling in FSET the same questions used on the health risk assessment for childless adults applying for MA regarding substance use. Responses to the questions would result in a referral for treatment, as applicable, but not impact the ABAWDs eligibility for participation in FSET.

18. One advantage of this alternative would be consistency with the MA program. This could help reduce confusion both for staff administering the requirements and also for the childless adults applying for MA or ABAWDs enrolling in FSET, as there is some overlap between these two populations [Alternative 2].

19. On the other hand, the Committee may be concerned that since the questions pertaining to substance use would not impact eligibility, income maintenance workers may not consistently ask the questions or follow up to ensure accurate answers, thereby limiting the referrals to treatment for people who need such services.

ALTERNATIVES

1. Approve the Governor's recommendation to repeal provisions that require DHS to implement a screening, testing, and treatment requirement for substance abuse, and require certain individuals to comply with the screening, testing, and treatment requirements for substance abuse, in order to participate in FSET.

2. Repeal the current drug screening, testing, and treatment provisions and replace them with requirements to mirror the childless adult health risk assessment questions. As they pertain to substance use, responses to questions would result in a referral for treatment, as applicable, but not affect an applicant's eligibility for enrollment in FSET.

3. Take no action and thereby retain the drug screening, testing, and treatment requirements. Provide \$66,400 (\$27,800 GPR and \$38,600 FED) in 2019-20 and \$88,500 (\$36,900 GPR and \$51,600 FED) in 2020-21.

ALT 3	Change to	
	Base	Bill
GPR	\$64,700	\$64,700
FED	<u>90,200</u>	<u>90,200</u>
Total	\$154,900	\$154,900

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May, 2019

Joint Committee on Finance

Paper #417

FSET -- Required Participation by Able-Bodied Adults (Health Services -- FoodShare)

[LFB 2019-21 Budget Summary: Page 219, #3]

CURRENT LAW

Currently, FoodShare recipients in Wisconsin have the option to participate in the FoodShare employment and training (FSET) program, either as a way to meet the 80 hour per month work requirement for able-bodied adults without dependents (ABAWDs), or as a way to expand their career opportunities. The ABAWD work requirement is a federal requirement. No FoodShare recipients are currently required to participate in FSET.

However, with the enactment of provisions in 2017 Wisconsin Act 59 (the 2017-19 budget act) and 2017 Act 264, certain adult FoodShare recipients, including most able-bodied adults with dependent children over the age of six years old, will be required to participate in FSET.

Specifically, beginning October 1, 2019, all able-bodied adult FoodShare recipients, will be required to participate in FSET, with certain exceptions. FSET participation will be required for all able-bodied adults between the ages of 18 and 50, except for able-bodied adults who are employed, pregnant, or determined by the Department of Health Services (DHS) to be medically certified as physically or mentally unfit for employment or exempt from the work requirement as specified in federal law. In addition, DHS is prohibited from requiring participation in FSET for an individual who is: (a) enrolled at least half time in a school, a training program, or an institution of higher education; or (b) the caretaker of a child under the age of six or the caretaker of a dependent who is disabled.

Under this requirement, able-bodied adults, who are not otherwise exempt, must participate in FSET for a minimum of 80 hours per month in order to receive FoodShare benefits. As allowed under federal law, failure to comply with the FSET requirement will result in the non-compliant

individual having their benefits sanctioned for one month for their first offense, three months for their second offense, and six months for their third and subsequent offenses.

GOVERNOR

Modify current law relating to required participation in FSET to specify that DHS must require, to the extent allowed by the federal government, that ABAWDs participate in FSET, except for ABAWDs who are employed, as determined by DHS. Specify that DHS may require able individuals who are 18 to 60 years of age, or a subset of those individuals to the extent allowed by the federal government, who are not participants in a Wisconsin Works employment position to participate in FSET.

DISCUSSION POINTS

1. Currently, income maintenance (IM) workers are required to provide information about the FSET program to ABAWDs who need to meet the work requirement and other FoodShare applicants during the FoodShare application and annual renewal interviews. Further, when a FoodShare member is determined by an IM worker to be an ABAWD who is not meeting the work requirement outside of FSET that member is automatically referred to FSET.

2. DHS contracts with eight tribes and eight vendors in 11 FSET regions across the state to provide FSET services. Currently, the FSET program is voluntary. However, under current law, starting October 1, 2019, DHS must require that able-bodied adults, who are not otherwise exempt, participate in FSET for a minimum of 80 hours per month in order to receive FoodShare benefits. The Governor's budget would repeal this provision but retain FSET as a voluntary program for FoodShare recipients who choose to participate.

3. The FSET program aims to identify the strengths, needs, and preferences of job seekers and offers individualized services to improve job-seeking skills and increase employment opportunities. Services provided under the FSET program include job search activities, education and vocational training, workfare and work experience, self-employment, and job retention services.

4. Table 1 shows information on FSET enrollment for 2015-16 through 2017-18, for ABAWDs and non-ABAWDs. Average monthly enrollment between July, 2018, and March, 2019 (the first nine months of 2018-19) was 8,048 of which, on average, 1,321 were ABAWDs and 6,727 were non-ABAWDs.

TABLE 1

FSET Enrollment 2015-16 to 2017-18

	2015-16		2016-17		2017-18	
	<u>Number</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>
Cumulative Unduplicated Enrollment						
ABAWDs	18,638	62.8%	8,618	39.3%	5,932	31.4%
Non-ABAWDs	<u>11,056</u>	<u>37.2</u>	<u>13,333</u>	<u>60.7</u>	<u>12,961</u>	<u>68.6</u>
Total	29,694	100.0%	21,951	100.0%	18,893	100.0%
Average Monthly Enrollment						
ABAWDs	4,454	37.7%	2,048	21.4%	1,310	13.3%
Non-ABAWDs	<u>7,349</u>	<u>62.3</u>	<u>7,512</u>	<u>78.6</u>	<u>8,512</u>	<u>86.7</u>
Total	11,803	100.0%	9,560	100.0%	9,822	100.0%

5. In 2016, the federal Food and Nutrition Services (FNS) issued the results of its best practice study, which entailed a comprehensive review of 160 studies of supplemental nutrition assistance program employment and training programs (SNAP E&T) and other public workforce development programs. FNS concluded that SNAP E&T programs that served individuals who volunteered to participate, rather than mandating participation as condition of eligibility, tended to be more effective. Specifically, FNS noted that states that enrolled a relatively large number of mandatory work registrants in SNAP E&T services were less likely to see an increase in self-sufficiency among SNAP participants.

6. Further, adding additional FSET requirements will result in additional administrative costs. Administrative costs of the FoodShare program and FSET services, are generally funded with 50% federal funds and 50% state funds (GPR), unlike FoodShare benefits, which are funded entirely with federal funds.

7. Additionally, federal law only allows the individual who is not in compliance with the work requirement to be sanctioned. Although children of sanctioned individuals are still eligible to receive FoodShare benefits, the overall household benefit is reduced once a parent or other household member becomes ineligible due to a sanction. Implementing sanctions for noncompliance with the work requirement would decrease the total amount of benefits available for the entire household but would only result in federal savings equal to the sanctioned individual's portion of the total monthly benefit payment. For these reasons, the Committee could approve the Governor's recommendation to repeal the provision [Alternative A1 or B1].

8. On the other hand, the Committee could choose to retain the mandatory FSET participation requirements, since the program may improve FoodShare recipients' job-seeking skills and employment opportunities. The Committee may find that this is especially important for FoodShare recipients who have children and are not just supporting themselves.

9. If the Committee chooses to take no action on the Governor's recommendation, thereby retaining the FSET requirement for able-bodied adults, funding would need to be provided to implement this provision. This paper addresses only the FSET vendor costs associated with

implementing this provision. Positions and funding for administrative functions relating to this provision are addressed in LFB Paper #419.

10. Table 2 shows the assumptions used by DHS in calculating the anticipated monthly enrollment increase as a result of this provision for the Department's agency request submitted in September, 2018.

TABLE 2

DHS Estimates of Able-Bodied Adults Affected by the Mandatory FSET Policy

Adults (age 19-49) on FoodShare living with school-age children (age 6-18) and no children under age 6	58,288
Subtract adults living with disabilities	-6,840
Subtract adults caring for school-age children living with disabilities	-5,635
Subtract adults caring for adults age 50+ living with disabilities	<u>-2,799</u>
Subtotal of able-bodied adults with school-age dependents	43,014
Non-primary care able-bodied adults (age 19-49) on FoodShare living with young children (age 0-6)	<u>3,067</u>
Able-Bodied Adults Affected by the Mandatory FSET Policy	46,081
Already participating in FSET on a voluntary basis	852
Already working 80 hours or more per month	20,208
Have an exemption to the ABAWD policy beyond work or living with a minor	<u>5,536</u>
Remaining Able-Bodied Adults who May Begin to Participate in FSET	19,485

11. As part of its request, DHS estimated that under the able-bodied FSET requirement monthly FSET enrollment would increase by 13,100 after one year. This estimate is based on the midpoint of the following assumptions: (a) of the 19,485 adults who are not otherwise exempt and may therefore need to begin to participate in FSET as a result of these provisions, 80% would enroll; and (b) of the 46,081 able bodied adults affected by the mandatory FSET policy, approximately 23% would enroll. DHS notes that 13,100 was selected as a midpoint between the 15,600 estimated to participate under method (a) and the 10,600 estimated to participate under method (b).

12. In the first year that the ABAWD work requirement was in place, 11.5% of ABAWDs chose to participate in FSET. DHS indicates that this percentage would likely be higher for the able-bodied adult population since they have children and therefore may find their FoodShare benefits to be of greater value than the ABAWD population.

13. Under the FSET cost-to-continue paper (LFB Paper #415), the Committee has the option to either budget FSET per member per month costs at \$348.86 in 2019-20 and \$356.12 in 2020-21 (under Alternative A1) or \$306.74 in 2019-20 and \$313.18 in 2020-21 (under Alternatives A2a and A2b). The alternatives in this paper should be budgeted based on the same base rate. As such, the alternatives available to the Committee under this paper will vary in cost depending on the decision the Committee makes regarding budgeting for per member per month costs in LFB Paper #415.

14. If the Committee approves per member per month costs of \$348.86 in 2019-20 and \$356.12 in 2020-21, and chooses to accept the Department's enrollment estimates (of 13,100 after one year), \$17,127,200 (\$8,563,600 GPR and \$8,563,600 FED) in 2019-20 and \$54,808,000 (\$27,404,000 GPR and \$27,404,000 FED) in 2020-21 would need to be provided to fund the FSET requirement for able-bodied adults [Alternative A2a].

15. If the Committee approves per member per month costs of \$306.74 in 2019-20 and \$313.18 in 2020-21, and chooses to accept the Department's enrollment estimates (of 13,100 after one year), \$15,059,400 (\$7,529,700 GPR and \$7,529,700 FED) in 2019-20 and \$48,199,400 (\$24,099,700 GPR and \$24,099,700 FED) in 2020-21 would need to be provided to fund the FSET requirement for able-bodied adults [Alternative B2a].

16. As is the case with most major program changes, there is a considerable uncertainty regarding future enrollment as a result of implementing this provision. For this reason, while adopting the Department's enrollment estimates, the Committee could place the money in the Committee's program supplements appropriation and require DHS to seek the release of the funds through the statutory provisions of Wis. Stat. 13.10. Further, the Committee could specify that: (a) DHS may not seek the release of this funding until April 1, 2020, and (b) DHS must report on able-bodied FSET enrollment between October 1, 2019, and March 31, 2020, as part of its justification for seeking the additional funding [Alternative A2b or B2b].

17. On the other hand, an argument could be made that the Department's assumptions regarding enrollment are too high. As evidenced by Table 1, average monthly enrollment for non-ABAWDs who do not have to meet a work requirement to retain FoodShare eligibility was 8,512 in 2017-18. The Committee could choose to assume that average monthly enrollment for this population would double under the FSET participation requirement. This would be equal to approximately 44% of the 19,485 adults who are not otherwise exempt and may therefore need to begin to participate in FSET as a result of these provisions, enrolling in the program.

18. As such, the Committee could choose to adopt a lower enrollment number, thereby reducing the amount of funding necessary to retain the provision.

19. If the Committee assumes that average monthly enrollment will increase by 8,512 after one year, and budgets the program based on per member per month costs of \$348.86 in 2019-20 and \$356.12 in 2020-21, \$11,130,400 (\$5,565,200 GPR and \$5,565,200 FED) in 2019-20 and \$35,613,800 (\$17,806,900 GPR and \$17,806,900 FED) in 2020-21, would need to be provided to fund the FSET requirement for able-bodied adults [Alternative A3].

20. If the Committee assumes that average monthly enrollment will increase by 8,512 after one year, and budgets the program based on per member per month costs of \$306.74 in 2019-20 and \$313.18 in 2020-21, \$9,786,600 (\$4,893,300 GPR and \$4,893,300 FED) in 2019-20 and \$31,319,600 (\$15,659,800 GPR and \$15,659,800 FED) in 2020-21, would need to be provided to fund the FSET requirement for able-bodied adults [Alternative B3].

21. In adopting a lower enrollment estimate, the Committee could be limiting the services available to FSET participants if actual enrollment is higher than estimated. For example, DHS has

found that a ratio of no more than 70 cases per case manager has been more effective than higher caseloads and has therefore been encouraging vendors to maintain this level of case manager staffing. If new enrollment increases above what is estimated, it could be necessary to increase that ratio, thereby reducing the amount of individualized time and attention each FSET participant receives, potentially reducing the effectiveness of the program. However, if caseloads do exceed the estimate, the Department would be able to seek additional resources, if needed, through future legislation or a request to the Committee under s. 13.10.

ALTERNATIVES

If the Committee selects Alternative A1 under the FSET cost-to-continue paper (LFB Paper #415), the Committee should select from the alternatives under A. If the Committee selects Alternative A2a or A2b under that paper, the Committee should select from the alternatives under B. This is to ensure consistency across the budgeted per member per month rate for all FSET enrollees.

The alternatives in this paper address only the FSET vendor costs associated with implementing this provision. Positions and funding for the positions necessary to retain and implement this provision are addressed in LFB Paper #419

A. Alternatives Based on Budgeting Monthly per Enrollee Costs at \$348.86 in 2019-20 and \$356.12 in 2020-21 -- Alternative A1 of Paper #415

1. Approve the Governor's recommendation to repeal the mandatory FSET requirement for able-bodied adults.
2. Take no action on the Governor's recommended statutory changes, thereby retaining the mandatory FSET requirement for able-bodied adults. Provide \$17,127,200 (\$8,563,600 GPR and \$8,563,600 FED) in 2019-20 and \$54,808,000 (\$27,404,000 GPR and \$27,404,000 FED) in 2020-21 to increase funding for vendor payments, based on an estimated increase in monthly FSET enrollment of 13,100 after one year.
 - a. Provide the funding directly to DHS.

ALT A2a	Change to	
	Base	Bill
GPR	\$35,967,600	\$35,967,600
FED	<u>35,967,600</u>	<u>35,967,600</u>
Total	\$71,935,200	\$71,935,200

- b. Place the GPR funding in the Committee's program supplements appropriation and require DHS to seek the release of the funds through the statutory provisions of Wis. Stat. 13.10. Further, specify that: (a) DHS may not seek the release of this funding until April 1, 2020; and (b) that as part of the request, DHS must report on able-bodied FSET enrollment between October 1, 2019, and March 31, 2020, as part of the agency's justification for seeking the additional funding

ALT A2b	Change to	
	Base	Bill
DHS		
FED	\$35,967,600	\$35,967,600
JCF		
GPR	<u>35,967,600</u>	<u>35,967,600</u>
Total	\$71,935,200	\$71,935,200

3. Take no action on the Governor's recommended statutory changes, thereby retaining the mandatory FSET requirement for able-bodied adults. Provide \$11,130,400 (\$5,565,200 GPR and \$5,565,200 FED) in 2019-20 and \$35,613,800 (\$17,806,900 GPR and \$17,806,900 FED) in 2020-21, to increase funding for vendor payments, based on an estimated increase in monthly FSET enrollment of 8,512 after one year.

ALT A3	Change to	
	Base	Bill
GPR	\$23,372,100	\$23,372,100
FED	<u>23,372,100</u>	<u>23,372,100</u>
Total	\$46,744,200	\$46,744,200

B. Alternatives Based on Budgeting Monthly per Enrollee Costs at \$306.74 in 2019-20 and \$313.18 in 2020-21 -- Alternatives A2a or A2b of Paper #415

1. Approve the Governor's recommendation to repeal the mandatory FSET requirement for able-bodied adults.

2. Take no action on the Governor's recommended statutory changes, thereby retaining the mandatory FSET requirement for able-bodied adults. Provide \$15,059,400 (\$7,529,700 GPR and \$7,529,700 FED) in 2019-20 and \$48,199,400 (\$24,099,700 GPR and \$24,099,700 FED) in 2020-21 to increase payments to FSET vendors based on an estimated increase in monthly FSET enrollment of 13,100 after one year.

a. Provide the funding directly to DHS.

ALT B2a	Change to	
	Base	Bill
GPR	\$31,629,400	\$31,629,400
FED	<u>31,629,400</u>	<u>31,629,400</u>
Total	\$63,258,800	\$63,258,800

b. Place the GPR funding in the Committee's program supplements appropriation and require DHS to seek the release of the funds through the statutory provisions of Wis. Stat. 13.10. Further, specify that the Committee may not seek the release of this funding until April 1, 2020, and

(b) as part of the request, DHS must report on able-bodied FSET enrollment between October 1, 2019, and March 31, 2020, as part of its justification for seeking the additional funding

ALT B2b	Change to	
	Base	Bill
DHS		
FED	\$31,629,400	\$31,629,400
JCF		
GPR	<u>31,629,400</u>	<u>31,629,400</u>
Total	\$63,258,800	\$63,258,800

3. Take no action on the Governor's recommended statutory changes, thereby retaining the mandatory FSET requirement for able-bodied adults. Provide \$9,786,600 (\$4,893,300 GPR and \$4,893,300 FED) in 2019-20 and \$31,319,600 (\$15,659,800 GPR and \$15,659,800 FED) in 2020-21 to increase funding for vendor payments based on an increase in monthly FSET enrollment of 8,512 after one year.

ALT B3	Change to	
	Base	Bill
GPR	\$20,553,100	\$20,553,100
FED	<u>20,553,100</u>	<u>20,553,100</u>
Total	\$41,106,200	\$41,106,200

Prepared by: Alexandra Bentzen



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May, 2019

Joint Committee on Finance

Paper #418

FSET-- Vendor Pay-for-Performance Payment System (Health Services -- FoodShare)

[LFB 2019-21 Budget Summary: Page 220, #4]

CURRENT LAW

FoodShare recipients in Wisconsin have the option to participate in the FoodShare Employment and Training (FSET) program, either as a way to meet the 80 hour per month work requirement for able-bodied adults without dependents (ABAWDs), or as a way to expand their career opportunities. The Department of Health Services (DHS) contracts with eight tribes and eight vendors in 11 FSET regions across the state to provide FSET services.

2017 Wisconsin Act 266 requires DHS to create and implement a payment system based on performance for FSET program vendors. Specifically, DHS must establish performance outcomes for the payment system based on: (a) the placement of participants into unsubsidized employment; (b) whether the placement is full or part-time; (c) the job retention rate; (d) wages and benefits earned; (e) appropriate implementation of FSET; and (f) customer satisfaction. Implementation of the payment system is contingent on federal approval and must not affect the funding available for supportive services for participants in FSET.

These provisions first apply to contracts DHS enters into or renews on or after April 12, 2018. However the Department's current contracts with the FSET vendors, effective for federal fiscal year 2018-19 (October 1, 2018 through September 30, 2019), do not include performance outcomes as the basis for payments.

GOVERNOR

Repeal provisions enacted in 2017 Act 266 that require DHS to create and implement a payment system based on performance for FSET program vendors, as described above.

DISCUSSION POINTS

1. In 2014, DHS issued a request for proposals (RFP) to solicit vendors to provide FSET services to ABAWDs subject to the work requirements implemented as part of 2013 Wisconsin Act 20. DHS received between one and four bidders for each region, with some vendors bidding to serve more than one region. DHS selected some vendors to serve multiple regions.

2. The initial vendor contracts expired on September 30, 2016. However, the contracts allowed for two one-year extensions. DHS authorized these extensions for federal fiscal year 2017 and 2018 for the original vendors. Subsequently, an RFP for new vendor contracts was released in the autumn of 2017. The effective date of the current vendor contracts is October 1, 2018, through September 30, 2019, with the option to renew for an additional four one-year renewal terms upon mutual agreement between DHS and the vendor.

3. The current contracts between DHS and the FSET vendors specify the terms and conditions of service provision, and provide funding up to a specified total dollar amount. FSET vendors receive reimbursement from DHS for invoiced costs that are eligible under the program.

4. FSET vendor costs can generally be grouped into three categories: (1) administrative costs, which include employment and training programming costs; (2) participant reimbursement costs, which include transportation, childcare, tuition, and other incidentals related to participating in the program; and (3) job retention costs, which provide support for FSET participants that have entered employment.

5. Under current law, DHS must create and implement a payment system based on performance for FSET program vendors. Specifically, DHS must establish performance outcomes for the payment system based on: (a) the placement of participants into unsubsidized employment; (b) whether the placement is full or part-time; (c) the job retention rate; (d) wages and benefits earned; (e) appropriate implementation of FSET; and (f) customer satisfaction. Implementation of the payment system is contingent on federal approval and must not affect the funding available for supportive services for participants in FSET.

6. Despite the current law requirement, the Department's current contracts with the FSET vendors, effective for federal fiscal year 2018-19 (October 1, 2018 through September 30, 2019), do not include performance outcomes as the basis for payments. DHS indicates that since the RFPs for the current contracts were released on November 29, 2017, in advance of the January, 2018, special session that created the pay-for-performance provisions, it was not possible to include these measures in the RFPs for the current contracts. Adding these measures to the contracts without including them in the RFPs could have jeopardized the procurement process.

7. Furthermore, the contracts had to be finalized before DHS had time to begin to plan the implementation of the pay-for-performance system. DHS indicates that the Department cannot currently track all of the criteria specified in Act 266. As such, DHS would need to establish data sharing agreements with other state agencies, create the systems necessary to track the criteria in Act 266, and amend the vendor contracts to require FSET vendors to collect additional data that the Department cannot access through systems upgrades.

8. DHS argues that, absent a waiver, the only way to interpret Act 266 in compliance with federal law is to create a bonus structure based on the pay-for-performance measures. This is because the federal Food and Nutrition Services (FNS) requires states to pay SNAP employment and training agencies on a reimbursement basis for necessary, reasonable, and actual costs.

9. The Committee may be concerned that incentivizing performance outcomes over individualized case management could result in FSET participants not receiving personalized wrap around case management services but rather receiving more generic, outcome driven, short-term services that guarantee the vendor bonus payments. As such, the Committee could approve the Governor's recommendation to repeal the requirement that DHS create and implement a payment system based on performance for FSET program vendors [Alternative 1].

10. On the other hand, the Committee could determine that the historical structure of the FSET vendor contracts does not incentivize the FSET vendors to improve outcomes for program participants. Additionally, since eight of the eleven FSET regions are currently served by vendors also providing Wisconsin Works (W-2) services, the Committee could require DHS to seek a waiver from FNS to develop and implement a funding mechanism for FSET vendors based on the structure for W-2 vendor reimbursement and the region served.

11. Generally, under W-2, vendors are paid a monthly contract amount, with additional payments available based on performance outcomes (such as total case count and the percentage of the prior year's budget the agency earned) and incentives (such as completion of a GED or obtaining employment).

12. If FNS grants the waiver, the Committee could require that the approved payment mechanism form the basis of the FSET vendor contracts for federal fiscal year 2021. Under this alternative the Committee could prohibit DHS from implementing this provision absent federal approval of a payment mechanism based on capitated payments and performance based incentive payments [Alternative 2].

13. Alternatively, the Committee could take no action on the Governor's recommendation to repeal the requirement that DHS create and implement a payment system based on performance for FSET program vendors. Under this alternative, the Committee would retain the current provisions, and fund bonuses to the FSET vendors starting in 2020-21. The Committee could budget any amount for bonus payments. It is possible, but not certain, that performance bonuses could be partially funded with federal matching funds. DHS estimates that approximately 25% of the total funding provided as bonus payments could be supported with federal matching funds. Consequently, the Committee could provide \$2,000,000 (\$1,500,000 GPR and \$500,000 FED), annually beginning in 2020-21, to fund bonus payments [Alternative 3a] or \$1,000,000 (\$750,000 GPR and \$250,000 FED) annually, beginning in 2020-21, to fund bonus payments [Alternative 3b].

14. In addition, in its 2019-21 biennial budget submission, DHS requested funding to support contracted services to implement the pay-for-performance contracts totaling \$600,000 (\$300,000 GPR and \$300,000 FED) in 2019-20 and \$100,000 (\$50,000 GPR and \$50,000 FED) in 2020-21. If the Committee chooses to retain the pay-for-performance provisions relating to FSET, this amount should be provided to fund DHS estimates of implementation cost [Alternatives 3a and 3b].

15. Finally, funding and position authority for 0.5 FTE contracts specialist position, beginning in 2019-20 to implement the payment system, is addressed in LFB Paper #419.

ALTERNATIVES

1. Approve the Governor's recommendation to repeal the requirement that DHS must create and implement a payment system based on performance for FSET program vendors.

2. Modify the current pay-for-performance payment mechanism to require DHS to seek a waiver from FNS to develop and implement a funding mechanism for FSET vendors based on the structure for W-2 vendor reimbursement and the region served. If FNS grants the waiver, require that the approved payment mechanism form the basis of the FSET vendor contracts for federal fiscal year 2021. Further, prohibit DHS from implementing this provision absent federal approval of a payment mechanism based on capitated payments and performance based incentive payments.

3. Take no action, thereby retaining the current statutory provisions relating to pay-for-performance contracts with the FSET vendors and select one of the following to fund the bonus payments and estimated implementation costs.

a. Increase funding in the bill by: (a) \$2,000,000 (\$1,500,000 GPR and \$500,000 FED) in 2020-21 to fund pay-for-performance bonuses to vendors; and (b) \$600,000 (\$300,000 GPR and \$300,000 FED) in 2019-20 and \$100,000 (\$50,000 GPR and \$50,000 FED) in 2020-21 to provide funding for DHS to contract for information systems changes to administer the pay-for-performance bonuses.

ALT 3a	Change to	
	Base	Bill
GPR	\$1,850,000	\$1,850,000
FED	<u>850,000</u>	<u>850,000</u>
Total	\$2,700,000	\$2,700,000

b. Increase funding in the bill by: (a) \$1,000,000 (\$750,000 GPR and \$250,000 FED) in 2020-21 to fund pay-for-performance bonuses to vendors; and (b) \$600,000 (\$300,000 GPR and \$300,000 FED) in 2019-20 and \$100,000 (\$50,000 GPR and \$50,000 FED) in 2020-21 to provide funding for DHS to contract for information systems changes to administer the pay-for-performance bonuses.

ALT 3b	Change to	
	Base	Bill
GPR	\$1,100,000	\$1,100,000
FED	<u>600,000</u>	<u>600,000</u>
Total	\$1,700,000	\$1,700,000

Prepared by: Alexandra Bentzen



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May, 2019

Joint Committee on Finance

Paper #419

FSET and MA -- Administration of Eligibility Requirements and Contract Provisions (Health Services -- FoodShare)

[LFB 2019-21 Budget Summary: Page 185, #28, Page 186, #29,
Page 219, #2 and #3, and Page 220, #4]

CURRENT LAW

2015 Act 55 and several acts passed in the 2017 Legislative session made various changes to the eligibility requirements and contract provisions for the FoodShare employment and training (FSET) program and medical assistance (MA) program. Those requirements are briefly summarized as follows:

FoodShare Employment and Training Program

Pay-for-Performance. Under 2017 Wisconsin Act 266, Department of Health Services (DHS) must create and implement a payment system based on performance for FSET program vendors. Factors to be considered in calculating payments are specified in state law but cannot affect the funding available for supportive services for participants in FSET. Implementation is contingent on federal approval. These provisions first apply to contracts DHS enters into or renews on or after April 12, 2018. However, due to the timing of the requirement, the Department's current contracts with the FSET vendors do not include performance outcomes as the basis for payments.

Participation by Able-Bodied Adults. Under 2017 Act 264, starting October 1, 2019, DHS must implement an FSET participation requirement on all able-bodied adults, except for able-bodied adults who are employed, between the ages of 18 and 50, who are not pregnant and not determined by DHS to be medically certified as physically or mentally unfit for employment or exempt from the work requirement as specified in federal law. DHS is prohibited from requiring participation in FSET for an individual who is: (a) enrolled at least half time in a school, a training program, or an institution of higher education; or (b) the caretaker of a child under the age of six

or the caretaker of a dependent who is disabled.

Drug Screening, Testing and Treatment. As part of 2017 Act 370, DHS is required to implement substance use screening, testing, and treatment provisions no later than October 1, 2019, and require certain individuals to comply with these requirements, in order to participate in FSET.

Medical Assistance

Federal Medicaid Waiver Provisions for Childless Adults. Childless adults are eligible for coverage in the medical assistance program under terms of a federal Medicaid waiver. In October 2018 the federal Centers for Medicare and Medicaid Services (CMS) approved an amendment to the waiver that includes a number of new eligibility provisions. The new federal waiver, which has not yet been implemented, contains the following elements: (a) monthly premiums of \$8 for childless adults in households with income that exceeds 50% of the federal poverty level; (b) a reduction of the monthly premium by up to half for childless adults who do not engage in behaviors that increase health risks; (c) a 48-month time limit, tied to a work or community engagement requirement (failure to satisfy work or community engagement requirement for a total of 48 months results in temporary ineligibility); (d) a requirement to complete a health risk assessment and (e) an \$8 copayment for the nonemergency use of a hospital emergency department.

Under a provision included in 2017 Act 370, DHS is required to implement the provisions of the waiver no later than November 1, 2019, but may not implement the 48-month time limit and the health risk assessment before October 31, 2019.

Health Savings Accounts. Under 2017 Act 271, DHS is required to submit a federal Medicaid waiver to establish a health savings account program in medical assistance. The Department is currently developing a waiver application for this provision.

GOVERNOR

FoodShare Employment and Training Program

Repeal all provisions as they pertain to FSET pay-for-performance, required FSET participation by certain able-bodied adults, and drug screening, testing, and treatment for FSET participants.

Medical Assistance

Childless Adult Waiver Provisions. Repeal statutory provision that require DHS to implement the provisions of a federal Medicaid waiver, approved on October 31, 2018, as it relates to program eligibility for childless adults as well as related nonstatutory provisions contained in 2017 Act 370 providing timelines for implementation of specific provisions of the waiver. Repeal a provision that required the Department submit a request for the childless adult waiver and that identified the elements that must be included in the request. Authorize DHS to submit a request to the federal Department of Health and Human Services to modify or withdraw from the waiver.

Health Savings Accounts. Repeal the provisions of 2017 Wisconsin Act 271, which require the Department to seek federal approval to establish and implement a health savings account program in the state's MA program that is similar in function and operation to health savings accounts.

DISCUSSION POINTS

1. Income maintenance (IM) refers to the eligibility and caseload management functions for several federal and state programs, including MA, FoodShare, and Wisconsin Shares. In Milwaukee County, these services are provided by DHS staff in Milwaukee Enrollment Services (MiLES). In the rest of the state, county employees perform these functions as part of multi-county IM consortia, and tribes perform these services for their members. There are currently 10 multi-county consortia and nine tribes performing IM services.

2. Each regional consortium and tribe is responsible for program eligibility determinations, application processing, operating and maintaining a call center, conducting ongoing case management, and performing lobby services (such as responding to questions, facilitating access to interpreter services, and making informational publications available). The IM consortia and tribes cooperate with DHS to provide other administrative functions, such as conducting subrogation and benefit recovery efforts, participating in fair hearings, and conducting fraud prevention and identification activities.

3. Each year, DHS allocates state general purpose revenue (GPR) and federal funds (FED) to support the IM work of the consortia and tribes. The FED funding is matching funding the state receives for eligible state- and locally-funded administrative services under the MA and FoodShare programs.

4. The more eligibility requirements that need to be verified on active cases, and explained to potential applicants, the higher the workload is for IM and MiLES staff. IM and MiLES staffing needs are determined through an assessment of anticipated caseload and additional time necessary to process each case.

5. The Governor's budget bill would repeal a number of provisions relating to eligibility for FSET and MA and therefore did not provide positions or funding to implement these provisions. However, if the Committee retains these provisions, funding and position authority may be necessary to ensure timely and complete implementation. The funding amounts and positions presented for each item in this paper reflect the Department's agency budget request, with certain adjustments to account for updated information on the implementation date of each provision. The Department followed methods used historically for budgeting for state administration, MiLES, and IM costs.

6. In earlier action, the Committee voted to remove from the bill the Governor's proposal to repeal provisions related to the childless adult Medicaid waiver and the MA health savings accounts. LFB Issue Papers #416, #417, and #418 relate to the retention, modification, or deletion of the FSET provisions.

7. If the Committee retains the FSET pay-for-performance contract requirements

(Alternative 3 in LFB Issue Paper #418), 0.5 FTE would be needed to develop and implement this provision, starting in 2019-20. Funding for this position would be \$46,200 (\$23,100 GPR and \$23,100 FED) in 2019-20 and \$60,000 (\$30,000 GPR and \$30,000 FED) in 2020-21 [Alternative A1].

8. If the Committee retains the FSET drug screening, testing, and treatment requirements (Alternative 3 in LFB Issue Paper #416), 2.0 positions would be needed for implementation and development of the provision, starting in 2019-20, as well as funding and 0.09 position for Miles and funding for the IM agencies to administer the drug screening tool. Table 1 shows the total funding and positions necessary for timely implementation of the FSET drug screening, testing, and treatment requirements [Alternative B1].

TABLE 1

FSET Drug Testing

	FTE	2019-20			2020-21		
		GPR	FED	All Funds	GPR	FED	All Funds
DHS Staff (Implementation)	2.00	\$80,400	\$80,300	\$160,700	\$103,800	\$103,800	\$207,600
IM Funding (Screening Admin.)	0.00	8,500	8,500	17,000	25,600	25,600	51,200
Miles Staff (Screening Admin.)	0.09	2,400	2,400	4,800	3,200	3,200	6,400
Total	2.09	\$91,300	\$91,200	\$182,500	\$132,600	\$132,600	\$265,200

9. Based on an anticipated implementation date of October 1, 2019, for the drug screening, testing, and treatment requirement, funding for the Miles staff in Table 1 reflects nine months of implementation in 2019-20.

10. If the Committee votes to retain the FSET requirement for able-bodied adults (Alternative A2a, A2b, A3, B2a, B2b, or B3 in LFB Issue Paper #417), 2.0 positions would be needed for DHS to implement the provision, starting in 2019-20, as well as funding and 0.69 position for Miles and funding for the IM agencies to reflect increased caseload. Table 2 shows the total funding and positions necessary for timely implementation of the FSET requirement for able-bodied adults [Alternative C1].

TABLE 2

FSET for Able-Bodied Adults

	FTE	2019-20			2020-21		
		GPR	FED	All Funds	GPR	FED	All Funds
DHS Staff (Implementation)	2.00	\$78,100	\$78,100	\$156,200	\$104,100	\$104,100	\$208,200
IM Funding	0.00	191,200	191,200	382,400	254,900	254,900	509,800
Miles Staff	0.69	18,500	18,500	37,000	24,700	24,600	49,300
Total	2.69	\$287,800	\$287,800	\$575,600	\$383,700	\$383,600	\$767,300

11. Based on an anticipated implementation date of October 1, 2019, for the FSET

requirement for able-bodied adults, funding for the MiES staff in Table 2 reflects nine months of implementation in 2019-20.

12. If the Committee approves the Governor's recommendation to repeal any of the provisions discussed in points 7 through 11, funding and positions should not be provided as the repealed provisions will not be implemented [Alternatives A2, B2, and C2].

13. Table 3 shows the DHS position authority and corresponding funding necessary to implement provisions of the childless adult Medicaid waiver, as well as increased MiES position authority and funding, and IM funding to reflect increased caseload as a result of the waiver provisions [Alternative D1]. The funding shown in Table 3 reflects eight months of implementation in 2019-20, based on an anticipated implementation date of November 1, 2019.

TABLE 3

Childless Adult Waiver Provisions

	FTE	2019-20			2020-21		
		GPR	FED	All Funds	GPR	FED	All Funds
DHS Staff (Implementation)	2.00	\$82,800	\$82,800	\$165,600	\$110,400	\$110,400	\$220,800
IM Funding	0.00	265,500	782,200	1,047,700	414,800	1,185,000	1,599,800
MiES Staff	<u>2.31</u>	<u>27,500</u>	<u>82,500</u>	<u>110,000</u>	<u>41,200</u>	<u>123,800</u>	<u>165,000</u>
Total	4.31	\$375,800	\$947,500	\$1,323,300	\$566,400	\$1,419,200	\$1,985,600

14. Table 4 shows the MiES position authority and funding, and IM funding to implement the health savings accounts for childless adults enrolled in MA [Alternative E1]. The funding shown in Table 4 reflects six months of implementation in 2019-20, based on an anticipated implementation date of January 1, 2020.

TABLE 4

Health Savings Accounts for Childless Adults

	FTE	2019-20			2020-21		
		GPR	FED	All Funds	GPR	FED	All Funds
IM Funding	0.00	\$82,600	\$247,700	\$330,300	\$110,100	\$330,300	\$440,400
MiES Staff	<u>0.64</u>	<u>5,700</u>	<u>17,200</u>	<u>22,900</u>	<u>11,400</u>	<u>34,300</u>	<u>45,700</u>
Total	0.64	\$88,300	\$264,900	\$353,200	\$121,500	\$364,600	\$486,100

ALTERNATIVES

A. FSET Pay-for-Performance

1. Provide \$46,200 (\$23,100 GPR and \$23,100 FED) in 2019-20 and \$60,000 (\$30,000 GPR and \$30,000 FED) in 2020-21, and 0.50 position (0.25 GPR position and 0.25 FED position), beginning in 2019-20, to implement the FSET pay-for-performance system for FSET vendors.

ALT A1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$53,100	0.25	\$53,100	0.25
FED	<u>53,100</u>	<u>0.25</u>	<u>53,100</u>	<u>0.25</u>
Total	\$106,200	0.50	\$106,200	0.50

2. Take no action.

B. FSET Drug Screening, Testing, and Treatment

1. Provide \$182,500 (\$91,300 GPR and \$91,200 FED) in 2019-20 and \$265,200 (\$132,600 GPR and \$132,600 FED) in 2020-21 and 2.09 positions (1.05 GPR positions and 1.04 FED positions), beginning in 2019-20.

ALT B1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$223,900	1.05	\$223,900	1.05
FED	<u>223,800</u>	<u>1.04</u>	<u>223,800</u>	<u>1.04</u>
Total	\$447,700	2.09	\$447,700	2.09

2. Take no action.

C. FSET for Able-Bodied Adults

1. Provide \$575,600 (\$287,800 GPR and \$287,800 FED) in 2019-20 and \$767,300 (\$383,700 GPR and \$383,600 FED) in 2020-21 and 2.69 positions (1.35 GPR positions and 1.34 FED positions), beginning in 2019-20.

ALT C1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$671,500	1.35	\$671,500	1.35
FED	<u>671,400</u>	<u>1.34</u>	<u>671,400</u>	<u>1.34</u>
Total	\$1,342,900	2.69	\$1,342,900	2.69

2. Take no action.

D. Childless Adult Waiver Provisions

1. Provide \$1,323,300 (\$375,800 GPR \$947,500 FED) in 2019-20 and \$1,985,600 (\$566,400 GPR and \$1,419,200 FED) in 2020-21 and 4.31 positions (1.10 GPR positions and 3.21 FED positions), beginning in 2019-20.

ALT D1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$942,200	1.10	\$942,200	1.10
FED	<u>2,366,700</u>	<u>3.21</u>	<u>2,366,700</u>	<u>3.21</u>
Total	\$3,308,900	4.31	\$3,308,900	4.31

2. Take no action.

E. Health Savings Accounts

1. Provide \$353,200 (\$88,300 GPR and \$264,900 FED) in 2019-20 and \$486,100 (\$121,500 GPR and \$364,600 FED) in 2020-21 and 0.64 position (0.16 GPR position and 0.48 FED position), beginning in 2019-20.

ALT E1	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
GPR	\$209,800	0.16	\$209,800	0.16
FED	<u>629,500</u>	<u>0.48</u>	<u>629,500</u>	<u>0.48</u>
Total	\$839,300	0.64	\$839,300	0.64

2. Take no action.

Prepared by: Alexandra Bentzen and Jon Dyck

HEALTH SERVICES

FoodShare

LFB Summary Item Removed From Budget Consideration

<u>Item #</u>	<u>Title</u>
5	Repeal FoodShare Child Support and Paternity Compliance Requirements